BEFORE THE DEPARTMENT OF INSURANCE
STATE OF NEBRASKA

STATE OF NEBRASKA DEPARTMENT OF INSURANCE,	)	
	)	CONSENT ORDER
PETITIONER,	)	
VS.	)	
	)	CAUSE NO. C-1912
AETNA LIFE INSURANCE COMPANY,	)	
RESPONDENT.	)	

In order to resolve this matter, the Nebraska Department of Insurance ("Department"), by and through its attorney, Martin W. Swanson and Aetna Life Insurance Company, ("Respondent"), mutually stipulate and agree as follows:

JURISDICTION

1. The Department has jurisdiction over the subject matter and Respondent pursuant to Neb. Rev. Stat. §44-101.01, §44-303 and Unfair Trade Practices Act, Neb. Rev. Stat. §44-1521 et seq., the Unfair Insurance Claims Settlement Practices Act, Neb. Rev. Stat. §44-1536 et seq., Nebraska's Health Carrier Grievance Procedure Act, Neb. Rev. Stat. §44-7301 et.seq. and Title 210, Chapter 61 of the Nebraska Administrative Rules and Regulations.

2. Respondent is a Connecticut domiciled insurer licensed to conduct business in Nebraska as a foreign insurer at all times material hereto.

STIPULATIONS OF FACT

1. The Department initiated this administrative proceeding by filing a petition styled State of Nebraska Department of Insurance vs. Aetna Life Insurance Company, Cause Number C-1912 on August 31, 2011. A copy of the petition was served upon the Respondent by sending a

copy to Respondent's agent for service of process, and by sending a copy to Respondent's business addresses registered with the Department, by certified mail, return receipt requested.

2. Respondent violated Neb. Rev. Stat. §§ 44-1524, 44-1525(2), 44-1525(11) (on multiple occasions), 44-1539, 44-1540(1), 44-1540(2), 44-1540(3), 44-7308 and Title 210 NAC Chapter 61 §§ 007.01, 008.01, 008.02 as a result of the following conduct:

a. On February 22, 2008, a complaint was filed with the Department of Insurance alleging issues regarding Respondent's failure to authorize treatment for dental work and significant delay in determining whether or not services would be provided on the dental policy (W15252[illegible]3254-01). On March 21, 2008, Scott Zager (Zager), an investigator with the Department, sent Respondent a letter regarding the complaint and requested documents and other answers to questions. On April 11, 2008, Respondent responded. The transmission sent by Respondent did not include phone logs and thus failed to respond completely to the Department's inquiry. That information was finally provided on May 7, 2008.

b. After review of the submission by Respondent, Zager sent a letter to Respondent on May 9, 2008, with further questions specifically questioning why the insured was told that an appeal of the decision to deny certain benefits would take 60 days. This statement was incorrect and misinformed the Complainant. (See Nebraska's Health Carrier Grievance Procedure Act, Neb. Rev. Stat. §44-7301 et.seq.) Additionally, Zager questioned the status of the appeal filed by Complainant and why it had not yet appeared to be resolved.

c. The Respondent failed to answer the May 9, 2008 letter within fifteen working days.

d. Respondent finally responded on June 11, 2008. In the letter, Respondent admitted that they had not reviewed Complainant's appeal within thirty days. Respondent further admitted that they incorrectly informed the Complainant about pre-authorization issues and further admitted that while they denote the correct amount of time for an appeal from an adverse decision in their certificate of coverage, they incorrectly informed the Complainant via a phone call that an appeal would take sixty days.

e. On June 13, 2008, Zager sent Respondent another letter regarding their actions. Zager denoted that Respondent was to have sent guidelines about how pre-authorizations for services were to be conducted. Respondent failed to provide that documentation in any of their previous responses.

f. On June 27, 2008, Respondent admitted that their appeals department "misunderstood that the complaint filed by the Department was being handled as an

appeal review. This resulted in the additional delay in this matter." In other words, Complainant's appeal was, once again delayed beyond thirty days by Respondent.

g. On July 18, 2008, the Department sent a fax to Respondent to test whether or not the fax number provided was active, which it was. The Department also sent a letter to Respondent on July 21, 2008. The letter reminded Respondent that it was to have sent explanation of benefits (EOBs) with the corresponding claims. Once again, Zager had requested "guidelines for service representatives" for purposes of determining preauthorization and verification of benefits. This information had not been provided to the Department within fifteen working days.

h. Respondent did not respond to the July 18, 2008 letter for eight months.

i. Finally, on March 31, 2009, Respondent sent a letter in response to the letter from the previous year. In the letter, they stated that they "...regret the delay in responding to your previous follow-up request dated July 21, 2008....Regrettably, this issue was overlooked..."

j. In the March 31, 2009 letter, Respondent admitted to yet another delay in the appeal process and the Complainant was not advised of her appeal determination until June 10, 2008. Respondent further admitted that due to a system error "some expenses were allowed on each claim up to the benefit maximum." "Regrettably, the system error was overlooked and each examiner allowed some monies on each claim up to the maximum benefit and denied the remaining expenses as the amount exceeds the annual maximum in plan." Respondent further admitted that the claim was processed with an incorrect billed charge due to an input error. Respondent also "regretted" not providing all of the requested information to the Department.

k. Zager followed up on Respondent's March 31, 2009 letter and asked Respondent about why certain faxes from Complainant were not recorded and responded to by Respondent. Respondent, on April 20, 2009, admitted that they "discovered that there was a potential for lost or misplaced requests based on that workflow."

l. On April 20, 2009, Zager indicated in a letter to Respondent that Respondent had failed to explain the issue with the workflow process to the Department in an adequate fashion and also pointed out that the Complainant did have records of sending in documentation. On May 8, 2009, Respondent admitted that it did not have a record of receipt of the documents sent by Complainant.

m. On June 3, 2009, the Department sent a fax request for additional information to Respondent. This letter was not responded to by Respondent within fifteen working days.

3. Respondent was informed of the right to a public hearing. Respondent waives that right, and enters into this Consent Order freely and voluntarily. Respondent understands and

acknowledges that by waiving their right to a public hearing, Respondent also waives the right to confrontation of witnesses, production of evidence, and judicial review.

4. Respondent does not admit or deny the allegations contained in Paragraph #2 above, however, Respondent agrees to settle this matter and pay the administrative fine of $15,000 so that the parties can avoid the time and expense of resolving this case at an administrative hearing.

CONCLUSIONS OF LAW

Respondent's conduct as alleged above constitutes violations of Neb. Rev. Stat. §§ 44-1524, 44-1525(2), 44-1525(11) (on multiple occasions), 44-1539, 44-1540(1), 44-1540(2), 44-1540(3), 44-7308 and Title 210 NAC Chapter 61 §§007.01, 008.01, 008.02.

CONSENT ORDER

It is therefore ordered by the Director of Insurance and agreed to by Respondent, Aetna Life Insurance Company, that they shall pay an administrative fine of $15,000. The fine shall be paid in total within thirty days after the Director of the Department of Insurance affixes his signature to this document and approves said consent agreement. The Department of Insurance will continue to retain jurisdiction over this matter and shall prosecute any other violations for failure to comply with this Consent Order.

In witness of their intention to be bound by this Consent Order, each party has executed this document by subscribing their signature below.

Martin W. Swanson, #20795
Attorney for Petitioner
941 O Street, Suite 400

Aetna Life Insurance Company,
Respondent

Lincoln, NE 68508
(402) 471-2201

By: Cheryl Wolff

_____
Date

September 27, 2011
Date

State of Texas)
) ss.
County of Fort Bend)

On this 22 day of September, 2011, Eliese Wolff personally appeared before me, as an authorized representative of Aetna Life Insurance Company, and read this Consent Order, executed the same and acknowledged the same to be his/her voluntary act and deed.

CLIFTON B. ABLE
MY COMMISSION EXPIRES
April 2, 2012

Notary Public

CERTIFICATE OF ADOPTION

I hereby certify that the foregoing Consent Order is adopted as the Final Order of the Nebraska Department of Insurance in the matter of State of Nebraska Department of Insurance vs. Aetna Life Insurance Company, Cause No. C-1912.

STATE OF NEBRASKA
DEPARTMENT OF INSURANCE

Bruce R. Ramge
BRUCE R. RAMGE
Director of Insurance

10-4-2011
Date

CERTIFICATE OF SERVICE

I hereby certify that a copy of the executed Consent Order was sent to the Respondent at 151 Farmington Avenue, Hartford, CT 06156-7003 by certified mail, return receipt requested on this 4th day of October, 2011.

Tracy A. Thurber